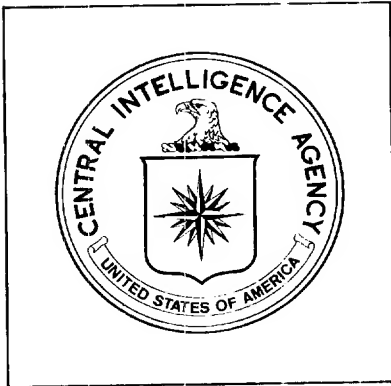


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STAFF NOTES:

Western Europe Canada International Organizations

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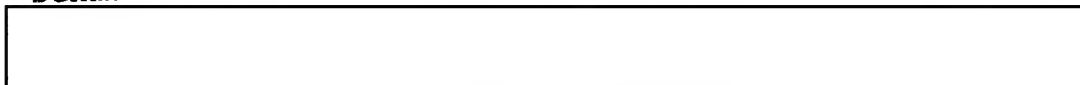
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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS



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EC Mining Industry Seeks Commission Help on
Raw Materials

Representatives of the major European mining companies met with the EC Commission last month to discuss raw material requirements within the EC and seek increased protection for overseas investment. Industry representatives agreed to provide estimates of the investment capital flows that will be necessary to assure Europe's supply of raw materials, the extent of guarantees needed, and the expected rate of return. The companies are seeking to limit investment by the host country to 45 percent with the company holding an equal percentage and a respected international institution such as the World Bank holding ten percent to assure reasonable treatment of both parties.

The Commission's directorate general for development and cooperation agreed to prepare a new proposal for a community investment guarantee system. The Commission may also organize delegations to Australia, Mexico, and Brazil to look into raw materials availability. The mining companies approved of the recent EC mission to Canada which discussed investment laws and regulations and the resulting investment climate.

Over the past year, the Commission has been seeking to assure the EC of supplies of essential raw materials including tropical and temperate zone agricultural products, twelve mineral and seven non-mineral materials including leathers and hard fibers. Assurance of supply for minerals is proving the hardest to come by. Even so, Council approval of a community investment guarantee is doubtful. Bonn is likely to prove the chief opponent; it has an effective system for guaranteeing investments by its own nationals against political risk and the Schmidt government is in general opposed to plans to extend EC financial responsibility at this time.

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ORIT Delays Reorganization

Latin American labor leaders failed to produce a plan for revitalizing the inter-American labor system, ORIT, in time for the world congress of the International Confederation of Free Trade Unions (ICFTU) now being held in Mexico. Still, they are angrily resisting attempts by other ICFTU affiliates to impose remedies on the ailing ORIT and have won approval to continue their own efforts to reorganize. The subject will be addressed at an extraordinary congress next May, probably in Caracas.

European labor officials have attacked ORIT for its ties to the AFL-CIO, accusing the Latin trade unionists of falling under US domination and failing to represent the interests of Latin workers. Several Scandinavian unions were threatening to pull out of the ICFTU if ORIT were not disbanded and replaced by a new, Latin-only organization. ICFTU affiliates have been impatient with ORIT's structural and financial disarray in recent years, annoyed at the Latins' acceptance of AFL-CIO's leading role in ORIT and its disassociation from ICFTU, and disgusted with ORIT's failure to condemn the repression of unionism in Chile.

For their part, the Latin labor representatives remain divided on many internal ORIT matters, but they have stood solidly together in bitter opposition to interference from outside the region. Another, and relatively new, point of agreement is to keep the link with US labor, which provides much needed financial assistance. Beyond that, it is difficult to find any practical or ideological matter that unites Latin American labor.

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As a regional forum, ORIT is rife with peculiarities. Two of the most influential affiliates have almost nothing in common: Venezuelan labor, fiercely independent, operates in a truly competitive political environment, while Mexican labor is a captive of a highly controlled government system. Argentina, which has the strongest trade union movement in Latin America, does not participate in ORIT, which it too regards as US-influenced. ORIT's general secretary is a Paraguayan with no constituency of his own. The other groups in ICFTU see little to give them confidence that the Latins will be able to work out their own problems, but they have backed off for now, in the face of vehement Latin insistence. If the Latins try to prolong their reorganization beyond May, the ICFTU will probably make a stronger effort to intrude.

Meanwhile, the ICFTU congress has departed from its agenda and become an angry forum for a different kind of attack on US labor. A series of speakers has condemned the US government decision to pull out of the International Labor Organization (ILO), accusing the administration of selling out to the AFL-CIO and the AFL-CIO of abandoning ILO to the Communists. An ILO official had earlier warned the congress of the political risks and disservice to labor involved in using the organization for the "wrong purposes." Other speakers acknowledge that ILO's recognition of the Palestine Liberation Organization and other controversial political positions posed a problem, but urged the US to "stay in and fight."

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Denmark Pushes Home Rule for Greenland

Denmark has created a 15-member Greenland Home Rule Committee, made up principally of members of parliament, to oversee the gradual transfer of most powers by 1979.

Current plans call for Denmark to retain control of foreign and defense affairs and a deciding voice in natural resource management. On all other matters, the local Greenland Council will assume responsibility on a step-by-step basis to allow for growing pains. Control of education probably will be the first area turned over.

Natural resources may become a bone of contention. A desire to benefit from exploitation of undeveloped resources motivates much of the home rule agitation in Greenland. Copenhagen, however, has no intention of allowing multi-national companies to exploit the Greenlanders, or permitting Greenland to become the Abu Dhabi of the Arctic.

The Danes do not expect home rule will affect US base rights. When Greenlanders have suggested charging the US for base rights, the Danes have pointed out that the US could ask for reimbursement for services US personnel provide. This has sufficed to put off the Greenlanders for the moment, but the US Embassy points out that the bases will continue to be a temptation.

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Growing agitation for home rule has irritated many Danes, who feel that Denmark can no longer afford the dependency. Mogens Glistrup, leader of the conservative Progressive Party, was widely criticized this summer, however, for suggesting that Denmark sell Greenland, presumably to the US. At the party convention last month, he back tracked and supported extending home rule. [REDACTED]

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Postal Unions Defy Trudeau's Economic Controls

The postal sorters and handlers union has directly challenged the Trudeau government's new wage and price control program by shutting down post offices in virtually all of Canada's major cities.

The union, demanding a 51 percent wage increase over a 12-month period, rejected the recommendations of an official conciliator for a 38 percent wage increase over a 30-month period. The government had indicated it was willing to grant the 38 percent raise although it exceeded the control program's guidelines. A provision in the new program grants exceptions for such raises to workers who are closely related to another group which recently has gained a more favorable settlement. Canada's other major postal union, the letter carriers, received a 38 percent wage hike last April.

The large wage settlements this year have been a major factor contributing to Canada's inflation which is running at a higher rate than in most major industrial countries. The competitiveness of Canadian goods on world markets has been affected and the nation's trade deficit has grown rapidly.

Excessive wage settlements are the prime target of the control program and Canadian labor leaders have been quick to grasp this fact. The Trudeau administration had hoped that the first case to come before its new Anti-Inflation Review Board would deal with a roll back of prices in order to convince labor of Ottawa's good faith. The postal strike appears to have upset this strategy.

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Trudeau has staked his political future on a bold program of economic controls to check inflation and cannot afford to back down. The postal workers may eventually compromise on a wage settlement along the lines of the government offer, but in the meantime Trudeau's political skills will be severely tested. A portent of trouble ahead was the recent defeat of Communications Minister Juneau, who lost a by-election in a working class Montreal constituency that had been held by Trudeau's Liberal Party for over fifty years.

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